

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Board Meeting held May 20, 2013

The business meeting of the Board of Supervisors of Lower Paxton Township was called to order at 7:33 p.m. by Chairman William B. Hawk, on the above date, in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: David B. Blain, William C. Seeds, Sr., William L. Hornung, and Gary A. Crissman.

Also in attendance were George Wolfe, Township Manager; Steve Stine, Township Solicitor; and Ted Robertson and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Seeds led in the recitation of the Pledge of Allegiance.

Approval of Minutes

Mr. Crissman made a motion to approve the minutes from the March 12, 2013 and April 9, 2013 workshop meetings and May 7, 2013 business meeting. Mr. Blain seconded the motion, and a unanimous vote followed.

Public Comment

No comments were provided.

Chairman and Board Member's Comments

Mr. Hawk reminded the viewing audience that tomorrow is Primary Election Day and he requested all citizens to vote. He noted that election is very important since it covers local elections that affect the lives of all of us. He noted that the five Board members would not be here this evening had they not gone through the process. Mr. Hawk thanked his fellow Board members for the work that they do, noting that we work well together as a team and he is proud

to say that we look at projects, review the material, ask questions, and consult with Mr. Wolfe on various items that need clarification. He wanted to thank Mr. Wolfe and his staff who also assist the Board members.

Manager's Report

Mr. Wolfe noted that he also wanted to remind the viewing public that tomorrow is Election Day. He noted that it is a great time to exercise your right to vote as a citizen of the Township, Commonwealth and Nation.

Mr. Wolfe explained that the Memorial Day Parade in Linglestown will again be held on Memorial Day. He noted that the parade will begin at 1 p.m. and start at the fire station on Linglestown Road and turn south on Balthaser Street to make its way to the pavilion at Koons Park for the Memorial Day ceremonies. He noted that the parade is coordinated by American Legion Post 272.

OLD BUSINESS

Action on a proposal from Brailsford and Dunlavey, Inc. to perform specific market analyses for proposed Friendship Center modifications

Mr. Wolfe noted that the Township issued a Request for Proposal (RFP) for a market analyses for the Friendship Center (FC). He noted that the Board has discussed with staff and the Friendship Center Operating Board the potential to undertake specific improvements or changes to the FC. He noted that, prior to undertaking any of the items that have been discussed in past meetings, the Board believes it important to determine from a qualified market analysis what economic benefit can be obtained from making the improvements. He noted that the Board does not want to undertake any improvements that won't be financially sound and cost effective generating revenue for the center as it moves into the future.

Mr. Wolfe noted that the proposal before the Board as reviewed in workshop session last week is one from Brailsford and Dunlavey, Inc. in the amount of \$38,130. He noted that it

provides for the implementation of the activities listed in the RFP. He noted that the proposal has been reviewed by staff and determined to be complete. He explained that it was the recommendation of the Board members from the workshop session that this item should be brought forward for Board action this evening.

Mr. Crissman made a motion to approve a proposal from Brailsford and Dunlavey, Inc. to perform specific market analyses for proposed Friendship Center modifications in the amount of \$38,130. Mr. Wolfe suggested that the motion should include that the approval be dependant upon the solicitor's review of the contract. Mr. Crissman agreed to the amendment to his motion. Mr. Blain seconded the motion. Mr. Hawk called for a voice vote and a unanimous vote followed.

NEW BUSINESS

Action on a proposal from Dallas Data Systems, to provide a financial management system

Mr. Wolfe noted that the Board has received a proposal from Dallas Data Systems (DDS) in response to a RFP issued by the Township for a financial management system. He noted that the proposal was reviewed by the Township's Audit Committee. He explained, for a fee of \$127,201, DDS will provide the Township with a financial management system that will address its operating needs for accounts, finances, payroll systems, to include budget preparation and monthly reporting for a multi-enterprise system basis for years to come. He noted that he along with Mr. Crissman and Mr. Blain sat through several hours of interviews with both DDS and other respondents to the Township's RFP. He explained that Finance Department staff has completed due diligence interviews and site visits with current users of the DDS products as well as products from other vendors. He noted that it is the Audit Committee and staff's recommendation, based upon the proposal received and the due diligence process, that DDS has

the best suited financial management software to meet the Township's need and to execute a contract subject to approval by the Township's solicitor.

Mr. Hornung thanked the Audit Committee members for the work that they did and he questioned if the Committee received the best price it could get for the product. Mr. Crissman answered that the Committee was able to secure a \$20,000 reduction in the overall price. Mr. Blain noted that the starting price was a little under \$150,000 and the Committee was able to negotiate the price down to \$127,000. He noted that being in the accounting and finance industry, the price for a general ledger package like this that will encompass the Township, Authority and Friendship Center, and all the accounts and activities that the Township has, is a fair price. He noted that this has been in the budget for years and it is under what the Board budgeted for as he believed that it was budgeted for \$150,000 and will cost \$127,000. He noted the \$127,000 that will be spent on this should provide a significant return on the investment in a short period of time by being able to consolidate all of our ledger financial and operational activity onto this one system. He noted that it will allow the Township to better utilize the purchase card product where the Township gets money back from the use of its purchase card. He noted that he has not calculated the return on the investment but suggested that it should be seen within a couple of years.

Mr. Hornung questioned how long it would take to get the new system up and running. Mr. Blain noted that upon execution of the agreement, DDS will immediately start the process to map the chart of accounts to the DCED chart of accounts and map all the historical data into the new chart of accounts with a goal to have the hardware and software in place and training started by the end of the third quarter in order to run parallel with the current system in the forth quarter. He noted that he would want to run two payrolls at least twice during that time to have all key operations up and running by January 1, 2014. He noted that it would include the financial

statement, budget, payroll, cash accounts, cash activity, and cash reconciliation. He noted that there would be some other lingering pieces of the puzzle that would get implemented in the first quarter, things that are non-mission critical.

Mr. Crissman noted that budget data that is in the old system will have to be brought over to the new system for preparation of the 2014 budget.

Mr. Hornung questioned if this will have a positive impact on the annual audits completed each year by the hired auditors. Mr. Crissman agreed that it will. Mr. Hornung questioned if it would result in a lower fee for accounting services. Mr. Blain noted that the Township is tied into a three-year contract. He noted that the Township's goal is to have an unqualified or clean opinion. He noted that the new software will not change that as they will base their opinion on whatever they find. He noted that it should make their data gathering easier as staff converts to the DCED chart of accounts; it will make the finance reporting process go much smoother and cleaner. He noted that currently we are not using the DCED chart of accounts, and the audit firm has to map our chart of accounts to the DCED chart of accounts to make a financial statement. He noted that making the change will eliminate this part of the audit process. He noted that we will be able to generate reports from the new system that will be in accordance with DCED. He noted that staff will be able to generate financial statements internally that will match the DCED chart of accounts which is where we need to be.

Mr. Hornung questioned who DCED is. Mr. Blain answered that it is the Department of Community and Economic Development. He noted that the Township sends its financial statements to them.

Mr. Wolfe explained that the financial management system is a legacy system that was in use since the 1980's, before he started with the Township.

Mr. Hawk noted that the software would facilitate the process for Zelenkofske Axelrod when they audit the books. Mr. Blain agreed, noting that it would simplify the process. He noted that it would provide the Township with better information in regards to financial reporting that would allow the Board to make better decisions. He noted the Board does not get financial information until 30 days after the month. He noted that you can't make decisions in a timely manner if you have to wait 30 days to get a financial statement. He noted that DDS should be able to generate information at a much faster rate and allow staff to close the books earlier.

Mr. Crissman noted that it will provide for the interfacing of data and the ability within the system to customize reports that we want to see from that data.

Mr. Crissman noted that DDS is located in Pottstown Pennsylvania which makes it convenient for staff if they need to have direct contact on a daily or weekly basis. He noted that staff has contacted references and they were very satisfied with DDS.

Mr. Crissman made a motion to approve the proposal from Dallas Data Systems to provide a financial management system in the amount of \$127, 201 subject to review by counsel. Mr. Blain seconded the motion. Mr. Hawk called for a voice vote and a unanimous vote followed.

Presentation of the 1st Quarter Key Indicator Report

Mr. Wolfe explained that staff presents to the Board, on a quarterly basis, a Key Indicator Report that was developed some years ago at the request of the Audit Committee who was comprised of Mr. Blain and Mr. Crissman. He noted that the report provides financial information to the Board in an easy, understandable and global view. He explained that he plans to present the 1st Quarter Report for 2013 at this time.

Mr. Wolfe noted in last week's workshop session, the Board reviewed the Year End Key Indicator Report from 2012. He noted that there was not enough time during that meeting to

review the 1st Quarter Report and since there was a light agenda tonight, he put it on tonight's agenda for review.

Mr. Wolfe noted that he would go over where the Township ended last year and where it began 2013, and then move into the first quarter of 2013.

Mr. Wolfe noted that that 2012 fiscal year ended with a 7% increase in revenues for the General Fund (GF) as compared to 2011. He noted that it was as a result of the continued recovery from the national recession. He noted that the overall GF expenditures for 2012 were 2% higher as compared to 2011 as the Township has continued to implement cost cutting measures. He noted for several years the Township has been doing it best to reduce its costs of operation in response to the national recession and have been waiting diligently for a rebound in the revenue sources which were significantly and adversely impacted by the recession. He noted that the Township started to see some of that rebound in 2012. He explained, over the last five years, from 2008 to 2012, the GF expenditures decreased on average by .09% per year, while revenues increased by 1.95% per year. He noted that the Township had a significant reduction in revenues in 2009 and 2010 which forced the Township to take emergency measures to adjust its spending.

Mr. Wolfe noted in the beginning of 2013, the GF was balanced with revenues and expenditures equaling \$18,340,073. He noted that the State Aid budget had revenues of \$1,014,787 against expenditures of \$1,453,955. He explained that the Township spent more than what it took in but there was a fund balance at the beginning of the year. He noted that the GF balance at the beginning of the year was \$5,998,255, noting that it is a policy of the Board of Supervisors, to maintain 25 % of operating revenues to provide for significant capital expenditures in the General Improvement Fund.

Mr. Wolfe noted, in the beginning of the year, the Fire Equipment Capital Fund had a balance of \$787,298 and the Length of Service Awards Program (LOSAP) had a balance of \$295,874.

Mr. Wolfe noted in the beginning of the year the FC had a balanced budget of \$2,128,023. He noted that the Capital Fund possessed a balance of \$104,098 with \$54,700 budgeted for expenditures. He explained that the FC is an enterprise fund, operating from the revenues that it generates itself to fund operations. He noted that the fund is not designed to be dependant upon the Township's GF.

Mr. Wolfe explained that the Lower Paxton Township Authority has a budget of \$13,324,262 against expenditure of \$11,064,544. He noted that the Authority will spend for capital projects in 2013, \$13,023,300, and as of the beginning of the year, it had cash-on-hand in the amount of \$35,742,061. He noted that the cash represents bond procedures that were borrowed to fund ongoing capital projects to address the Township's failing sanitary sewer infrastructure and the multi-million dollar sanitary sewer replacement program. He noted that many citizens are aware that a good portion of the Township is being dug up and new sanitary sewer lines are being installed to address environmental concerns that are accessed by the Pennsylvania Department of Environmental Protection. He noted that the Authority is not dependent upon receiving funds from the General Fund.

Mr. Wolfe noted for the First Quarter of 2013, GF revenues are 14% higher than they were in 2012. He noted that it is an indication of a continued recovery from economic recession; however, there has also been some timing difference between 2012 and 2013 payments of certain bills and for when certain payments were received. He noted that the total GF Expenses are 12% higher as compared to 2012, noting that the majority is a result of timing of expenditures. He

noted that that unlike 2012, a tax anticipation loan was not needed to survive the first three months of the year without real estate tax revenues being received.

Mr. Wolfe noted that the Township had an operating deficit of \$412,640 at the end of the first quarter that is typical for the first quarter of the year. He noted that revenues are based upon real estate tax receipts that are not received until April and May. He noted that by mid year that will be a significant operating surplus which will carry the Township through to the end of the year.

Mr. Wolfe noted that the State Aid Liquid Fuel funds saw no revenues and only minor expenditures of \$228,698 for winter maintenance activities. He noted that the Township has not received its distribution from the State that usually is received in April of each year. He noted that the fund had a beginning balance of \$220,898 from prior year's revenues. He noted that the Fire Equipment Capital Fund has a balance of \$787,298 with no revenues and expenditures in this quarter. He noted that the Board will allocate \$200,000 into this fund in the second quarter of 2013. Mr. Wolfe noted that the Length of Service Awards Program Fund had a beginning balance of \$295,874 and the Board will allocate \$76,000 into the fund the second quarter of this year. He noted that expenditures have occurred from this fund, and will be realized in the second quarter as payments to beneficiaries of the program began in January of this year.

Mr. Wolfe noted that the General Improvement Fund for ongoing projects has a beginning balance of \$1,144,195, made up of bond funds that are restricted in use and will be used for storm sewer improvements, replacement of the roof for the Municipal Center, and the purchase of a financial management program that the Board authorized during this meeting. He noted only \$40,000 of expenditures have occurred to date, noting that the majority of expenditures will occur in the 2nd and 3rd quarter.

Mr. Wolfe noted that the FC has revenues of \$604,940 and expenditures of \$317,146, with a net balance of \$287,795. He noted that it is primarily a timing issue for the primary sources of revenue for the FC that is memberships. He noted that the Capital Fund has a balance of \$104,116 and the Operating Fund has a balance of \$259,330.

Mr. Wolfe noted that the Lower Paxton Township Authority has operating revenues to date of \$3,310,755 and expenditures of \$2,721,819. He noted that it has capital expenditures of \$3,925,245. He noted that the Authority has cash-on-hand of \$3,436,309. He explained that the sanitary sewer projects for 2013 will total nearly \$10 million.

Mr. Wolfe noted that completes the Key Indicator Report for the 1st Quarter of 2013.

Mr. Blain noted that it was well done and he thanked Mr. Wolfe for providing the update on a quarterly basis and hopes that the rest of the Board finds this information useful. Mr. Crissman noted that it helps to watch the trends especially as the Board works on its budget preparations.

Request for permission from the Township Manager to provide
Consulting services on a limited basis through a third party to PSATS

Mr. Hawk noted that this is a request for Mr. Wolfe to provide consulting services to the Pennsylvania State Association of Township Supervisors (PSATS), an organization that represents 1,454 Townships across the State of Pennsylvania. He noted that PSATS conducts training programs, and lobbies the legislature on various issues that effect townships.

Mr. Hawk noted that Mr. Wolfe through McKonly and Asbury has been asked to participate in preparing and presenting a training program designed to educate township officials on best management practices in contracting professional services. He noted that would include preparing and implementing a Request for Proposal. He noted that Mr. Wolfe is well known across the State of Pennsylvania as one of its outstanding managers in the State. He noted that he would be working through the firm of McKonly and Asbury to implement this program. He

noted that it will not cost the Township anything as his fee would be paid by McKonly and Asbury. Mr. Wolfe added that he would be doing this on his own time and the expected amount of time would be 15 hours.

Mr. Crissman made a motion to approve Mr. Wolfe's participation in this consulting service to PSATS. Mr. Seeds seconded the motion. Mr. Blain noted that he would have to abstain from voting on this matter as it was his recommendation to McKonly and Asbury to do this as he works for that firm. Mr. Hawk called for a voice vote and all four members voted aye.

Improvement Guarantee

Mr. Hawk noted that there were three improvement guarantees.

Memorial Eye Institute

A new letter of credit with M&T Bank, in the amount of \$30,529.95 with an expiration date of May 20, 2014.

Bishop McDevitt High School

A reduction in a letter of credit with PNC Bank, in the amount of \$31,584.63, with an expiration date of May 20, 2014.

Chateau Woods – Kings Pointe

An extension and 10% increase in a letter of credit with Integrity Bank in the amount of \$13,885.93 with an expiration date of August 20, 2013. (Only allowed a three-month extension.)

Mr. Seeds noted that Chateau Woods has been going on since 2005 and since 2010 they were given limited extension times. He noted that he spoke with Dianne Moran today and she was in contact with Steve Fleming from HRG, who was also involving Dauphin County Conservation District. He noted that he did not want to provide them with a 12 month extension and suggested that it should only be three months, allowing HRG to get the process completed.

He noted that the work that remains is only a little bit of storm drainage work. Mr. Crissman and Mr. Blain agreed.

Mr. Hornung questioned Mr. Wolfe if the work will ever get done. Mr. Wolfe noted that we have a lot of developments in this condition and he thinks it will be done, as we are now just starting to see the beginnings of a rebound in housing. Mr. Hornung questioned if there are homes that need to be built. Mr. Wolfe answered yes. Mr. Seeds suggested that it is built out. Mr. Wolfe noted that Mr. Seeds was correct and it is only stormwater work that needs to be completed. He noted that there is no reason why the developer can't get the work done. Mr. Hornung questioned if we should only provide three months to get the work done or act on the bond. Mr. Wolfe noted that acting on a bond is always dangerous for the Township and the developer. He noted that the Township would have to do the work regardless of how much it costs and it would make it harder for the developer to be bonded in the future. Mr. Hornung suggested providing only three months to get the work done. Mr. Seeds noted that the last memo was written in 2010 and it recommended a review by Dauphin County Conservation District.

Mr. Crissman made a motion to approve the three improvement guarantees with a change of expiration date for Chateau Woods, only allowing for a three month extension. Mr. Blain seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Payment of Bills

Mr. Seeds made a motion to pay the bills of Lower Paxton Township and Lower Paxton Township Authority and the Purchase Cards for Lower Paxton Township and Lower Paxton Township Authority. Mr. Crissman seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Announcements

Mr. Hawk reminded the viewing audience to go out and vote tomorrow.

Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting.
Mr. Blain seconded the motion, and the meeting adjourned at 8:15 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary